

LOUISVILLE AND PORTLAND CANAL.

LETTER

FROM

THE SECRETARY OF THE TREASURY,

TRANSMITTING

Documents giving information relative to the Louisville and Portland Canal, &c.

FEBRUARY 26, 1844.

Read, and referred to the Committee on Commerce.

TREASURY DEPARTMENT,

February 22, 1844.

SIR: In answer to a resolution of the House of Representatives of the 10th ult., directing the Secretary of the Treasury to communicate to the House of Representatives certain information in relation to the Louisville and Portland canal, &c., I have the honor to state, in compliance with the resolution, the necessary communications were immediately addressed to the surveyors of the ports of Cincinnati, Louisville, and St. Louis. The reports of those officers, having been received, are herewith transmitted.

I also submit a communication received from the president of the canal company, and a copy of a letter addressed to P. Thompson by John Hulme, esq., a large stockholder in the Louisville and Portland canal. These documents contain all the information it is in the power of this department to furnish in compliance with the resolution.

I have the honor to remain, very respectfully, &c.,

J. C. SPENCER,
Secretary of the Treasury.

HON. J. W. JONES,
Speaker of the House of Representatives.

Report of the Surveyor of the port of Cincinnati.

PORT OF CINCINNATI, *February 6, 1844.*

SIR: Your communication of the 15th ult. was duly received; and I have made all the inquiry into the subject of the resolutions, as far as time and means would permit. And, in regard to the first clause in the resolution in relation to the effect of tolls on the canal, and the amount paid by each vessel every time it passes through the same, I can only say, from the information which I have obtained from the owners and masters of vessels,

that the first time a vessel passes through the canal she pays sixty cents per ton; after that, she pays only fifty cents per ton. I have been unable to arrive at any facts whereby I could state, with any degree of certainty, what proportion the tolls paid by each boat would bear to her profits; but I have been able to arrive, perhaps, at a tolerably correct estimate of the amount of tolls which a regular trader, of a given tonnage, would pay, running between this place and St. Louis. There is a regular trading vessel running between this port and the port of St. Louis, of one hundred and ninety tons burden; she passes through the canal five times in a month for eight months in the year—the balance of the time not so often; she pays ninety-five dollars each time she passes through the canal; she may be set down, within bounds, as paying four thousand dollars a year, for tolls; and if she should continue in that trade as long as fit for service, (say five years, which is above the average time a boat will last,) the tolls she would have to pay for passing through the canal would amount to more than her original cost, which was \$13,000.

Another fact which I heard from the master and owner of one of the largest class of steam-vessels belonging to this port, and a regular trader between this place and New Orleans, is—that he makes, on an average, eight voyages in a year, and the expense of each voyage is about \$3,300, exclusive of tolls, which amount to \$300 each voyage, or \$2,400 a year. If this information be correct, (and I presume it is,) it will be seen that about one-twelfth part of the whole expense for running this class of boats, in the trade alluded to, is paid for tolls.

This is all the information which I have been able to obtain, relative to the matters contained in the resolutions, worthy of note.

Very respectfully, your obedient servant,

ISAIAH WING, *Surveyor*.

Hon. J. C. SPENCER,
Secretary of the Treasury.

Report of the Surveyor of the port of Louisville.

CUSTOM-HOUSE OFFICE,
Port of Louisville, January 27, 1844.

SIR: I received, on the 21st, your letter covering certain resolutions, passed by the House of Representatives of the present Congress, on the 10th instant, in relation to the Louisville and Portland Canal, concerning further improvements, and other matters and things of which Congress is desirous to be informed.

It is out of my power to give in detail its management and productiveness, without an investigation of their books, which would require some time.

The president, directors, and agent of the canal company are gentlemen of business habits and much cleverness, and, I have no doubt, will furnish you with all the information in their power connected with the management, &c., of said canal, as they informed me they had received similar instructions to those directed to me.

In relation to the information desired by the resolutions from the surveyors of ports, respecting the improvements of the canal, and what bearing the tolls have on steamboats passing through the canal, I beg leave in part to

submit to your consideration a tabular statement of a regular trader (the Nautilus) from this place to New Orleans, embracing the necessary points in those resolutions.

As it regards the inquiries concerning the improvement or finishing of the canal, I would remark, if it is to remain at its present size, it is complete and in good order; but it is my opinion it should be enlarged as soon as practicable, as its capacity to pass steamboats of the present day is entirely too small; the canal should be made at least 15 feet wider, and deepened in the following manner: 3 feet deeper at its entrance, (or upper end,) and 8 feet deeper at the lower end of the guard lock, so as to form an inclined plane on its bottom, making a fall of five feet. If this fall of water were given to the canal, by throwing open the gates, the sediment or mud that now settles on the bottom of the canal could be washed out, without the labor of from 20 to 30 hands that now have to be employed to keep it clear of mud, which is an immense charge on the canal. There are also other improvements of vast importance to be added to the canal—such as a second set of locks placed by the side of the present, and each new lock should be at least 300 feet long and 65 feet wide. Make these improvements, and the canal would have capacity to pass all the boats engaged on the western waters for all time to come, and the whole cost thereof would not exceed \$300,000; while it would take not less than from six to eight millions to make a canal of sufficient capacity on the opposite side of the river at this place.

My statement with regard to the expense of a canal on the Indiana side of the river, at this point, may appear, at first view, to be extravagant; but a statement of the facts, I think, will support me in this respect. In the first place, in order to get a harbor for boats at its upper entrance, they will have to commence about two miles above the entrance or upper mouth of the Louisville canal and harbor, and the lower entrance will be four miles below the upper entrance of the Louisville canal—making a distance of six miles long on the Indiana side, while the Louisville canal is only two miles long.

In the second place, the rock is from 15 to 18 feet higher on the Indiana side than it is on the Kentucky side, and the earth on this rock is from 25 to 30 feet deep.

In excavating, the rock for the Louisville canal was of an average depth of 10 feet. It therefore shows that, in making the canal on the Indiana side, they would have at least 25 to 30 feet of earth, and 25 feet of rock, to excavate—making that canal at least 50 feet deep; while the canal on the Kentucky side, through earth and rock, would only be about 30 feet below the level of the ground.

I do not know what estimates have been made by the topographical engineer who was engaged in surveying the route on the Indiana side of the river last year, but think his survey will not materially vary from my statements.

I think it unnecessary to say anything about the improvement of the channel of the river on the falls, as it is utterly impracticable, and, if made, would be attended with ruinous consequences to the harbor at this port, and would also materially affect the navigation for some distance above this point.

Very respectfully, your obedient servant,

N. P. PORTER, *Surveyor.*

HON. JOHN C. SPENCER,

Secretary of the Treasury, Washington, D. C.

A tabular statement of the information sought by the second resolution of the House of Representatives of Congress, of the 10th of January, 1844, in relation to the effects of the tolls of the Louisville and Portland canal on steamboats; the amount, &c., &c.

	Tonnage.	Cost of boat.	Amount of toll paid each trip or passage.	Total amount for season or year—say ten trips through canal.	Amount of tolls paid, compared with profit of boat.	Amount of tolls of a regular trader from Louisville to New Orleans and St. Louis, during her fitness for service—say 4 years.	Comparative estimate of said aggregate tolls, with original cost of vessel.	Comparative estimate of tolls, with other expenses of boat.	Aggregate profits for whole time.
Nautilus	189	\$22,500	\$94 50	\$945 00	945 8,200 or about 1-8th.	\$3,780	3,780 22,500 or about 1-6th.	3,780 96,000 or about 1-25th.	\$32,800
									3,780
									29,020
									22,500
									6,520

The steamboat Nautilus (which I have selected as an average) was engaged in the above service from August, 1839, to October, 1843, regularly each season. The information above stated, as to profits and expenses, &c., as given, I obtained from the books of said boat. I could give estimates of boats of different tonnage, but think it not necessary, as the result would be about the same as the one given.

CUSTOM-HOUSE OFFICE, *Port of Louisville, January 26, 1844.*

N. P. PORTER, *Surveyor.*

HON. JOHN C. SPENCER,
Secretary of Treasury U. S.

Report of the Surveyor of the port of St. Louis.

ST. LOUIS, February 1, 1844.

SIR: Your letter of the 15th January, transmitting a resolution of the House of Representatives, of the 10th ultimo, was received by due course of mail. I have made every inquiry possible, and find that one hundred and ten different steamboats have arrived at this port from the Ohio river, (their average tonnage being $156\frac{1}{2}$;) during the year 1843; and that said boats have arrived here 310 times, making about three arrivals to each boat—the whole amount of tonnage being 50,224. This amount of tonnage should be doubled, for return trips of said boats, making 100,448. From the best information I can get from the captains of steamboats now in port, it is a low estimate to say that two-thirds of the above tonnage, or about 67,000 tons, have been subject to canal toll at Louisville.

The whole amount of tonnage passing through the canal for the year 1843 was 232,264 tons, according to the report of the canal company—over one half of which may be claimed as belonging to the St. Louis trade. The rate of toll is 50 cents per ton, making the sum of \$33,500 paid by boats in the St. Louis and Ohio river trade, during 1843.

The opinion of all steamboat captains is, that the general effect of the present high rate of toll charged by the canal is highly injurious, and acts as a direct tax on the freight passing through it.

The amount of toll charged is fifty cents a ton; which, compared with the profits of a boat (the Valley Forge) for a period of four months, taken from her books, during the most prosperous business season she ever experienced, is eighteen per centum.

A regular trader of 160 tons would cost \$80 a ton, or \$12,800, and may be calculated to last 5 years. Such a boat may run 8 months in a year, making 24 trips, passing through the canal 16 times, at a cost of \$1,280. The entire cost of running for the 8 months is estimated at \$16,960.

The amount of toll paid during the 5 years would be \$6,400, or equal to one-half of her cost. The rate of toll would be equal to $7\frac{3}{4}$ per centum of the whole of her running expenses.

Very respectfully, your obedient servant,

OLIVER HARRIS, *Surveyor and Inspector.*

HON. JOHN C. SPENCER,
Secretary of the Treasury.

Report of the President of the Louisville and Portland Canal.

OFFICE OF THE LOUISVILLE AND PORTLAND CANAL CO.,
January 24, 1844.

In answering the questions contained in the resolutions of the House of Representatives, in relation to the tolls, &c., of the Louisville and Portland Canal, addressed to this office by the Secretary of the Treasury, I have the honor to submit the following facts, derived from authentic documents.

The following table will show the whole amount of toll collected on the canal, from the time of its being opened to the 1st of January, 1844, together with the number of boats and tonnage from which it was derived:

Abstract of the boats that have passed, and tolls received, on the Louisville and Portland Canal.

Years.	Steamboats.	Flat and keel-boats.	Tons.	Amount received.
1831 - -	406	421	76,323	\$12,750 77
1832 - -	453	179	70,109	25,756 12
1833 - -	875	710	169,885	60,736 92
1834 - -	938	623	162,000	61,848 17
1835 - -	1,256	355	200,413	80,165 24
1836 - -	1,182	260	182,220	88,343 23
1837 - -	1,501	165	242,374	145,424 69
1838 - -	1,058	438	201,750	121,107 16
1839 - -	1,666	578	300,406	180,364 01
1840 - -	1,231	392	224,841	134,904 55
1841 - -	1,031	309	189,907	113,944 59
1842 - -	983	183	172,755	95,005 10
1843 - -	1,206	88	232,264	107,274 65
	13,756	4,701	2,425,567	\$1,227,625 20

The average expense of superintendence, repairs, and all contingencies, is now about \$20,000 per annum, although it exceeded that sum previous to the last two years.

The United States were original owners of the stock of this company to the amount of 2,335 shares, for which they paid the sum of - - - - - \$233,500.

In 1833, a dividend was made in stock, for back interest, &c., and the United States received 567 additional shares, being its proportion of this dividend: thus making the United States owners of 2,902 shares. There has been paid to the Treasurer of the United States, in cash dividends - - - 258,378.

The amount paid to the United States over and above the cost of her stock, in cash, is - - - - - \$24,878

The only instance, it is believed, where the Government have received back anything, much less more than it had invested, in any public improvement in the country. Dividends in cash and stock have been paid in like proportion to the individual stockholders.

By an act of the Legislature of the State of Kentucky, the company is authorized to invest the annual net income of the canal in the purchase of stock held by individuals, at a price not exceeding \$150 per share, with 6 per cent. annually added thereto, and prohibiting the company from making any dividends thereafter, with a view of transferring the whole into the possession of the General Government, with a view of its being free of toll on certain conditions—the object, on the part of the stockholders being a desire to withdraw their investment without loss; and the result will be,

that the United States will be the sole proprietors of the canal in from six to ten years. The commerce of the country paying for the private stock \$150 per share, and 6 per cent. interest on the unpurchased portion until the whole is bought; thus making it equivalent to an immediate sale at that price, with a reinvestment of the funds at 6 per cent.

The United States, as already shown, are the owners of - 2,902 shares.

In accordance with the above authority, the company pur-

chased with the net income of 1842 - - - 471 "

And in 1843 they purchased under the same authority - - - 544 "

The shares so purchased are to be transferred to the United

States—making her the real owner, January 1, 1844, of 3,917 "

The whole number of shares being - - - 10,000 "

Leaves still in the hands of individual stockholders - - - 6,083 "

The proportion being about two-fifths to the Government, and three-fifths to individuals.

Steamboats trading from Cincinnati to New Orleans will average one trip in twenty-four days for eight months in each year—equal to ten trips per annum; or twenty times that they may have to pass through the canal, or over the falls. This is a full average. Of the twenty passages, ten may be considered as passing over the falls, and ten through the locks of the canal, per annum.

Therefore, a steamboat of 250 tons ten times through the locks,

at 50 cents per ton, will pay in tolls annually - - - \$1,250

And a boat of 300 tons, at the same rate, will pay annually - - - 1,500

Steamboats from Pittsburg and Cincinnati to and from St. Louis,

averaging 150 tons, may pass through the canal twelve times in a year; and at the same rate will pay - - - 900

And a boat of 200 tons, making twenty trips, will, at the same

rate, pay - - - 1,000

The above estimate is based on the presumption of great regularity in the commerce, which is often anything but regular. Some boats may happen to arrive at the "falls" on every trip, in the spring months, when they will find sufficient water to permit them to pass over; and it would, therefore, cause the estimate to fall short. On the other hand, other boats may arrive and depart from the "falls" every trip in the season, just between the spring rises or freshets, and thus exceed the above estimate.

An estimate of the cost of steamboats navigating the Ohio river may be computed at \$80 per ton, complete with hull, machinery, cabin furniture, equipment, provisions, &c., when fitted for a voyage.

Tonnage.	Cost at \$80 per ton.	Average ca- nal toll per num.	The average amount of toll for 4 years.
Steamboats of 100 tons will last 4 years—average - - -	\$8,000	\$500	\$2,000
Steamboats of 150 tons will last 4 years—average - - -	12,000	750	3,000
Steamboats of 200 tons will last 4 years—average - - -	16,000	1,000	4,000
Steamboats of 250 tons will last 4 years—average - - -	20,000	1,2	5,000
Steamboats of 300 tons will last 4 years—average - - -	24,000	1,500	6,000

It cannot be controverted that this tax is paid indirectly by the agricultural products of the west and south, and the manufactured goods of the east, as well as by passengers travelling on the Ohio from all parts of the Union. Were this tax entirely removed, the competition existing among steamboats for freight would soon cause them to consider it an expense to the carrying trade the less; and the result would be a proportionate reduction, to a great degree, on the cost of transportation. This fact, however, only proves the truly national character of this work—every citizen of the Union being more or less interested in the reduction of the toll; and that the saving would not be confined to steamboat owners alone. The canal is completed according to the original design, and is kept in good condition for the passage of boats at all times, day and night. It is, however, suggested that an additional set of locks of larger dimensions, with some slight improvements on the line of canal, would be beneficial to commerce.

In regard to the question, demanding at what price the private stock of the Louisville and Portland canal can be bought by the General Government of the United States, the board of president and directors, without any authority from the stockholders, can only state, as their opinion, that the stockholders generally have always been ready to sell their stock to the United States at a fair price, with a view to quieting the abuse which has been so unjustly heaped upon the company. But the board does not think that the stockholders would be disposed to sell for less than what many of them have paid for it years since, viz. \$150 per share—more particularly when it is clearly shown, by the annual reports of the company, that the stock is now really worth more than \$150 per share; and, were the vested rights of the company allowed to remain at peace, the stock would soon be worth double that sum, by the increase of commerce.

Respectfully submitted:

JAMES MARSHALL, *President.*

HON. JOHN C. SPENCER,

Secretary of the Treasury, Washington city, D. C.

WASHINGTON, *January 18, 1844.*

SIR: I observed in the report of the proceedings of Congress, that certain "resolutions offered by Mr. Tibbatts, directing the Secretary of the Treasury to give to the House certain information as to the Louisville and Portland Canal, and the obstructions to the navigation of the Ohio river at the falls at Louisville," were, on the 10th inst., taken up and adopted. I yesterday received a letter (of which the enclosed is a copy) from my friend Thomas Hulme, of Philadelphia, who is the principal stockholder in the said canal. It contains information which appears to me to be highly important; and, without presuming to judge whether or not that information is such as you would see proper to embody in your reply to the above quoted resolutions, I consider it right that you should be in possession of it.

Very respectfully, yours,

PISHEY THOMPSON.

Hon. JOHN C. SPENCER,

*Secretary of the Treasury.*PHILADELPHIA, *January 13, 1844.*

MY DEAR SIR: Your favors of the 9th and 11th inst. came duly to hand, for which please accept my thanks. In reply to the three judicious questions of Mr. Owen, I am not yet fully prepared to give the wishes and views of *all* the stockholders; but so far as I and my family are concerned, we are willing to make any reasonable sacrifices for the purpose of rendering the navigation of the Ohio river *free*; because we believe it *ought to be free*; and because we think it strange that eight to nine millions of dollars per annum should be expended for the protection and encouragement of foreign commerce, while domestic commerce (which is much more profitable to the nation) is left to contend with the *falls*, or pay tolls to pass through the canal. Under this conviction, I suggested a plan for the purchase of the stock held by individuals, with the tolls collected, which was sanctioned by the Legislature of Kentucky, and adopted by the company. By that operation we sacrifice dividends on our stock, (which had regularly yielded us over 12 per cent. per annum,) and a charter in perpetuity. Now we think we are justly entitled to a price corresponding with the true value of our stock under the present operation for the redemption of it, which, if the following calculations are correct, would be about \$148 per share.

Suppose you hold twelve shares of stock, to be redeemed in twelve years—say one share in January next, at \$168 per share; and in January 1846, one share at \$177 per share; and so on to the end of twelve years: the sums received, and the interest on those sums, would amount to \$3,564 56 for the redemption of said shares. On the other hand, if you now sold your twelve shares for \$148 per share, the amount would be \$1,776; and the compound interest on \$1,776 for 12 years would be about \$1,788 56—together, \$3,564 56. This is all calculated at 6 per cent. per annum.

Now I have reason to believe that the stockholders would be willing to receive a *five* per cent. Government stock in payment; and, rather than stand in the way of the free navigation of the canal without delay, I believe they would accept a *lower* price. I am the largest individual stockholder;

and if Congress should pass an act to purchase at \$145 per share, I would sell mine; and I feel confident the other stockholders would follow my example. Observe, we have received no dividends on the stock we hold on hand, during the last two years.

Thus you will see that a little over \$880,000 would purchase *all* the stock, and give the Government possession of the canal *without delay*, so as to make the *navigation free*; and I believe that another set of locks could be made, large enough for the largest steamboats alongside of the present lock-walls, so as to have a double set of locks, and every other improvement made which would be found necessary, for a sum not exceeding \$300,000. But I believe the engineer employed by the Government will be able to give you a more particular estimate of these operations than I can at present. And, if I am not much mistaken, you will see that the purchase of our stock, and the expense of another set of locks, &c., will not cost *one half of the amount* that a new canal would cost on the other side of the river, which would require *a long time to make it*; during which time, *our canal would be made free* and surrendered to the United States, under the operation of the laws which *now* govern us.

Should Congress not feel disposed to purchase *all* our stock at the price above stated, an act might be passed authorizing the Secretary of the Treasury to purchase *all he can get*, at such price as may be deemed proper. Such an act might enable him to purchase a *portion* of the stock; and the *balance* would be purchased by the canal company, under our present operations, in a *shorter* time.

I have not had time to consult with, and to obtain the views and wishes of, *all* the stockholders here relative to this business. But these are my views, and I believe a large majority of stockholders would be guided by them.

Please have the goodness to communicate them to my friend Robert Dale Owen, esq., with my best respects; and to any other friend who may feel interested in this business; and you will oblige

Yours, truly,

THOMAS HULME.

PISHEY THOMPSON, *Washington City.*